

[Assembly Bill 1665](#) (Bonilla)

Date: 01/14/16

Program: Transactions and Use

Sponsor: Contra Costa Transportation Authority

Revenue and Taxation Code (RTC) Sections 7291 and 7292

Effective: January 1, 2017

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**Summary:** Extends from December 31, 2020 until December 31, 2024 the authority of Alameda County and Contra Costa County to impose a countywide transportation program transactions and use tax. Also shifts Contra Costa County's existing authority to the Contra Costa Transportation Authority.

**Purpose:** To provide additional funding for transportation programs.

**Fiscal Impact Summary:** No state revenue impact.

**Existing Law:** The **Transactions and Use Tax Law**<sup>1</sup> and the part of the RTC that imposes **Additional Local Taxes**<sup>2</sup> authorize cities and counties (and special purpose entities) to impose district taxes under specified conditions. Counties may impose a district tax for general purposes or special purposes at a rate of 0.125%, or multiples of 0.125%, if the ordinance imposing the tax is approved by the required percentage of voters in the county. Cities also may impose a district tax for general purposes or special purposes at a rate of 0.125%, or multiples of 0.125%, if the ordinance imposing the tax is approved by the required percentage of voters in the city. The combined district tax rate imposed within any local jurisdiction cannot exceed 2%<sup>3</sup> (with the exception of the counties of Alameda, Contra Costa, Los Angeles, Monterey, and San Mateo<sup>4</sup>).

In addition, Section 7291 authorizes Alameda County and Contra Costa County to impose a district tax for countywide transportation programs at a capped rate of 0.5% which in combination with other district taxes, would exceed the 2% limitation established in existing law if it satisfies all of the following conditions:

- 1) Alameda County and Contra Costa County adopt an ordinance proposing the district tax by any applicable voting requirements;
- 2) the proposed ordinance is submitted to the electorate and is approved by two-thirds of the voters voting on the ordinance; and
- 3) the district tax conforms to the Transactions and Use Tax Law.

By law, cities and counties (and special purpose entities) contract with the BOE to administer the ordinances imposing the district taxes.

**Proposed Law:** This bill extends from December 31, 2020 until December 31, 2024 the authority of Alameda County and Contra Costa County to impose a countywide transportation program district tax. The bill also shifts this existing authority from Contra Costa County to the Contra Costa Transportation Authority. The tax is exempt from the existing 2% rate limitation.

The bill is effective January 1, 2017. If the ordinances are not approved by the electorate, the applicable statutes will be repealed as of December 31, 2024.

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<sup>1</sup> Part 1.6 of Division 2 of the RTC, commencing with Section 7251.

<sup>2</sup> Part 1.7 of Division 2 of the RTC, commencing with Section 7280.

<sup>3</sup> RTC Section 7251.1.

<sup>4</sup> Exceptions authorized through AB 210 (Ch. 194, Stats. 2013, Wieckowski) for Alameda County and Contra Costa County, SB 314 (Ch. 785, Stats. 2003, Murray) and SB 767 (Ch. 580, Stats. 2015, De León) for the Los Angeles Metropolitan Transportation Authority, and SB 705 (Ch. 579, Stats. 2015, Hill) for San Mateo County and the Transportation Agency for Monterey County.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

**Background:** Currently, eight district taxes are levied within Alameda County — four county-wide taxes (three transportation taxes) and four city-wide taxes. Only the Alameda County Transportation Improvement Authority tax (bolded), operative April 1, 2015, through March 31, 2045, is exempt from the 2% statutory rate limitation. Thus, the total county-wide tax rate is 1.5%. Because the four cities each impose a tax at a rate of 0.5%, Alameda County is at the 2% limit.

<b>Alameda County - District Name and Tax Area</b>	<b>Rate</b>	<b>Effective Date</b>	<b>Expiration Date</b>
Alameda County Essential Health Care Services Transactions and Use Tax (county-wide)	0.50%	07-01-04	06-30-34
Alameda County Transportation Improvement Authority (county-wide)	0.50%	04-01-02	03-31-22
<b>Alameda County Transportation Improvement Authority (county-wide)</b>	<b>0.50%</b>	<b>04-01-15</b>	<b>03-31-45</b>
Bay Area Rapid Transit District (BART) (county-wide)	0.50%	04-01-70	None
City of Albany Transactions and Use Tax (city-wide)	0.50%	04-01-13	03-31-21
City of Hayward Temporary Transactions and Use Tax (city-wide)	0.50%	10-01-14	12-31-34
City of San Leandro 2015 Transactions and Use Tax (city-wide)	0.50%	04-01-15	03-31-45
City of Union City Transactions and Use Tax (city-wide)	0.50%	04-01-11	03-31-25

Currently, 16 district taxes are levied within Contra Costa County — two county-wide tax (transportation purposes) and 14 city-wide taxes. Because two cities each impose a tax at a rate of 1%, Contra Costa County is at the 2% limit.

<b>Contra Costa County - District Name and Tax Area</b>	<b>Rate</b>	<b>Effective Date</b>	<b>Expiration Date</b>
Contra Costa Transportation Authority (county-wide)	0.50%	04-01-89	03-31-34
Bay Area Rapid Transit District (BART) (county-wide)	0.50%	04-01-70	None
City of Antioch Transactions and Use Tax (city-wide)	0.50%	04-01-14	03-31-21
City of Concord Transactions and Use Tax (city-wide)	0.50%	04-01-11	03-31-25
City of El Cerrito Street Improvements Transactions and Use Tax (city-wide)	0.50%	07-01-08	None
City of El Cerrito 2015 Transactions and Use Tax (city-wide)	1.00%	04-01-15	03-31-27
City of Hercules Temporary Transactions and Use Tax (city-wide)	0.50%	10-01-12	None
Town of Moraga Transactions and Use Tax (city-wide)	1.00%	04-01-13	03-31-33
City of Orinda Transactions and Use Tax (city-wide)	0.50%	04-01-13	03-31-23
City of Pinole Transactions and Use Tax (city-wide)	0.50%	04-01-07	None
City of Pinole 2014 Transactions and Use Tax (city-wide)	0.50%	04-01-15	None
City of Pittsburg Preservation of Citywide Service Temporary Transactions and Use Tax (city-wide)	0.50%	10-01-12	09-30-17

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Contra Costa County - District Name and Tax Area	Rate	Effective Date	Expiration Date
City of Richmond Transactions and Use Tax (city-wide)	0.50%	04-01-05	None
City of Richmond 2014 Transactions and Use Tax (city-wide)	0.50%	04-01-15	None
City of San Pablo Transactions and Use Tax (city-wide)	0.50%	10-01-12	09-30-17
City of San Pablo Emergency Medical Services Temporary Transactions and Use Tax	0.25%	10-01-14	None

**Legislative History:** Over the years, six bills have been approved by the Legislature granting specific authority to local governments to impose a district tax that exceeds the general 2% rate limitation:

- SB 314 (Ch. 685, Stats. 2003, Murray) authorized the MTA to impose a 0.5% district tax for the funding of specified transportation-related capital projects and programs. However, MTA never placed an ordinance before the voters to levy this authorized tax within the 6.5 year time frame.<sup>5</sup>
- AB 1086 (Ch. 327, Stats. 2011, Wieckowski) authorized the County of Alameda to impose a district tax for the support of countywide transportation programs at a rate of up to 0.5%. The bill required that the ordinance proposing the tax be submitted to the electorate on the November 6, 2012 General Election ballot and be approved by the voters. Alameda County voters declined to approve the proposed district tax (Measure B1) on the November 6, 2012 ballot, falling 0.14% short of the 66.6% super-majority needed to pass.
- AB 210 (Ch. 194, Stats. 2013, Wieckowski) extends the authority of Alameda County and authorizes Contra Costa County to impose a countywide transportation program district tax at a rate of up to 0.5%.
- AB 1324 (Chapter 795, Stats. 2014, Skinner) authorizes the City of El Cerrito to impose a general-purpose district tax at a rate of up to 0.5%.
- SB 767 (Chapter 580, Stats. 2015, De León) authorizes the Los Angeles County Metropolitan Transportation Authority (MTA) to impose an additional 0.5% district tax for funding transportation-related projects and programs. The tax would be imposed for an unspecified period to be determined by the MTA, and may exceed the existing 2% rate limitation.
- SB 705 (Chapter 579, Stats. 2015, Hill) authorizes both San Mateo County and the Transportation Agency for Monterey County to impose a countywide transportation program district tax until January 1, 2026. The tax may exceed the existing 2% rate limitation.

### Commentary:

1. **Effect of the bill.** This bill provides an additional four years for Alameda County and the Contra Costa Transportation Authority to seek the authority from the voters in their districts to impose a 0.5% countywide transportation program transactions and use tax. The measure also shifts the existing authority to seek the tax increase from Contra Costa County to the Contra Costa Transportation Authority.

<sup>5</sup> AB 2321 (Chapter 302, Statutes 2008, Feuer) amended PUC Section 130350.5 to authorize, among other things, the 0.5% tax for a period not to exceed 30 years.

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**2. District taxes currently administered by the BOE.** As of January 1, 2016, 205 local jurisdictions (city, county, and special purpose authority)<sup>6</sup> impose a district tax for general or special purposes. Of the 205 district taxes, 48 are county-imposed and 157 have city-imposed taxes. Four of the 48 county-imposed taxes are general purpose taxes and 44 are special purpose taxes (30 for transportation purposes). Of the 157 city-imposed taxes, 127 are general purpose taxes and 30 are special purpose taxes.

Currently, the individual district tax rates vary from 0.1%<sup>7</sup> to 1%. Some cities and counties have more than one district tax in effect, while others have none. Accordingly, combined state, local and district tax rates generally range from 7.5% to 9.5%, with the exception of the cities of Albany, Hayward, San Leandro, and Union City in Alameda County, the City of El Cerrito in Contra Costa County, and the cities of La Mirada, Pico Rivera, and South Gate in Los Angeles County which subject to the specific exemptions discussed above, each have a tax rate of 10%. A listing of the district taxes, rates, and effective dates is available on the BOE's website: [www.boe.ca.gov/sutax/pdf/districtatelist.pdf](http://www.boe.ca.gov/sutax/pdf/districtatelist.pdf).

**Administrative Costs:** This bill does not increase the BOE's administrative costs because it only extends the authority of Alameda County and Contra Costa Transportation Authority to impose a countywide transportation district tax that would necessitate a county ordinance and voter approval. However, if either county's voters approve an ordinance imposing the tax, they would be required to contract with the BOE for its ongoing costs to administer the ordinance.

**Revenue Impact:** This bill does not specifically impact local revenues. It only extends the timeframe in which to seek voter approval.

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<sup>6</sup> Currently, all district taxes levied exclusively within the borders of either a county or an incorporated city (with the exception of the Bay Area Rapid Transit District, which is comprised of Alameda, Contra Costa, and San Francisco counties and the Sonoma-Marin Rail Transit District). For purposes of calculating the 205 jurisdictions, the Bay Area Rapid Transit District and the Sonoma-Marin Rail Transit District are counted as one jurisdiction, even though each jurisdiction is comprised of three counties and two counties, respectively.

<sup>7</sup>Through specific authority, SB 1187 (Ch. 285, Stats. 2001, Costa) authorized Fresno County to impose a 0.1% district tax for zoological purposes.

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